FINANCIAL STATEMENTS
CEPSA FINANCE, S.A.U.

For the Financial Year 2019

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BALANCE SHEET AS AT DECEMBER 31, 2019

Euros

Assets	Notes to the Financial Statements	12/31/2019	12/31/2018
Non-current assets		497,442,500	
Long-term investments in Group companies and associates	**Note 5.1**	**497,442,500**	**-**
Current assets		4,003,230	100,396
Trade and other receivables	**Note 4.1**	-	**180**
Other receivables from the Public Administrations		-	180
Short-term investments in Group companies and associates	**Note 5.2**	**4,003,230**	**216**
Cash and cash equivalents		-	**100,000**
Total Assets		**501,445,730**	**100,396**

Euros

Equity and Liabilities	Notes to the Financial Statements	12/31/2019	12/31/2018
Equity		103,292	99,352
Shareholders' equity		**103,292**	**99,352**
Capital			
Authorized capital	Note 6.1	100,000	100,000
Profit/(loss) from previous financial years		(648)	-
Profit/(loss) for the financial year		3,940	(648)
Non-current liabilities		497,138,485	-
Long-term payables	**Note 7.1**	**496,713,590**	**-**
Advance payments to be distributed		**424,895**	**-**
Current liabilities		4,203,953	1,044
Short-term payables	**Note 7.2**	**3,136,986**	**-**
Long-term payables to Group companies and associates	**Note 10.2**	**1,066,967**	**-**
Trade and other accounts payable		**-**	**1,044**
Other creditors		-	1,044
Total Equity and Liabilities		**501,445,730**	**100,396**

Notes 1 to 14 of the Notes to the Financial Statements are an integral part of this Balance Sheet as at December 31, 2019.

The 2018 balances were not audited.

PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR 2019

Euros

	Notes to the Financial Statements	12/31/2019	12/31/2018
Ongoing Transactions			
Net income	**Note 9.1**	**4,053,335**	**-**
Financial income of Holding companies		4,053,335	-
Other operating expenses	**Note 9.2**	**(527,911)**	**(864)**
External services		(527,911)	(864)
Operating profit/(loss)		**3,525,424**	**(864)**
Financial expenses	**Note 9.3**	**(3,520,170)**	-
For payables to group companies and associates		(6,244)	-
Payables to third parties		(3,513,926)	-
Financial Profit/(Loss)		**(3,520,170)**	**-**
Profit/(loss) before tax		**5,254**	**(864)**
Taxes on profits	**Note 8.3**	(1,314)	216
Profit/(loss) for the Financial Year		**3,940**	**(648)**

Notes 1 to 14 of the Notes to the Financial Statements form an integral part of the Profit and Loss Account for financial year 2019.
The 2018 balances were not audited.

STATEMENT OF CHANGES IN EQUITY FOR 2019

Euros

Statement of recognized income and expenses	Notes to the Financial Statements	Financial year 2019	Financial year 2018
Results of the profit and loss account (I)		3,940.00	(648.00)
Total comprehensive income (I+II+III)		3,940.00	(648.00)

Notes 1 to 14 of the Notes to the Financial Statements are an integral part of the Statement of Income and Expenditure corresponding to financial year 2019.
The 2018 balances were not audited.

STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR 2019

Euros

	(*) Capital	Losses from previous financial years	Profit/(loss) for the financial year	Total
Adjusted balance at the beginning of 2018	-	-	-	-
Total comprehensive income			*(648)*	*(648)*
Transactions with shareholders				
Capital increases	100,000			100,000
Other changes in equity	***100,000***	-	-	***100,000***
Balance at the close of 2018	*100,000*	-	*(648)*	*99,352*
Adjusted balance at the beginning of 2019	*100,000*	-	*(648)*	*99,352*
Total comprehensive income			***3,940***	***3,940***
Other changes in equity	-	***(648)***	***648***	-
BALANCE AT THE CLOSE OF FINANCIAL YEAR 2019	*100,000*	*(648)*	*3,940*	*103,292*

Notes 1 to 14 of the Notes to the Financial Statements form an integral part of the Statement of Changes in Total Equity corresponding to financial year 2019.
The 2018 balances were not audited.

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STATEMENT OF CASH FLOWS FOR THE 2019 FINANCIAL YEAR

	Notes to the Financial Statements	2019	Euros 2018
Cash flows from operating activities (I)		*(410,627)*	-
Profit and loss for the year before taxes	***Note 8.3***	***5,254***	***(864)***
Adjustments to profit/(loss)		***(533,165)***	-
Financial income		(4,053,335)	-
Financial expenses		3,520,170	-
Changes in working capital		***424,031***	***864***
Trade and other receivables		180	(180)
Trade and other payables		423,851	1,044
Other cash flows from operating activities		***(306,747)***	-
Interest paid		(383,184)	-
Interest received		50,105	-
Income tax receivables (payments)		26,332	-
Cash flows from financing activities (III)		***310,627***	***100,000***
Receivables and payments for equity instruments		-	***100,000***
Issuance of equity instruments			100,000
Receivables and payments for financial liability instruments		***310,627***	-
Issuance of payables to group companies		(496,402,963)	-
Issuance of other payables		496,713,590	-
Net increase/decrease in cash and cash equivalents (I+II+III+IV)		***(100,000)***	***100,000***
Cash and cash equivalents at the beginning of the financial year		100,000	-
Cash and cash equivalents at the close of the financial year		-	100,000

The 2018 balances were not audited.

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Notes to the Financial Statements for the financial year ended December 31, 2019
CEPSA FINANCE, S.A.U.

1. Company activity

CEPSA FINANCE, S.A.U. (hereinafter, the Company) was incorporated, for an indefinite period of time, in Madrid on September 27, 2018, before the Notary Public of Madrid, Mr. Carlos Solis Villa, according to the deed of incorporation, no. 1,709 of his records, and registered in the Companies Registry of Madrid under volume 38,084 in section 8 of the Corporate Ledger, on page 141, sheet number M-677920, entry 1, with Tax Identification Number A-88202015. The Company was incorporated by means of a cash contribution.

The Company has its registered address at 28046-Madrid, Torre Cepsa, Paseo de la Castellana nº 259-A.

The Company's corporate purpose is to carry out the following activities:

- To incorporate or participate in, in any way, the administration and/or oversight of businesses and companies, including the businesses and companies with which it forms a business group.
- To finance companies and/or projects or business of companies, including companies with which it forms a business group.
- To borrow and/or lend amounts in cash, and to obtain funds through the issuance of any financial instruments, including debt issues of any kind, for placement in both national and international markets.
- To advise and provide professional advisory services to businesses and companies with which the Company forms a group and to third parties.
- To grant guarantees, bind, and represent the Company, and pledge or mortgage its assets to guarantee obligations of the Company and obligations of third parties, including the companies with which it forms a group of companies.
- To acquire, dispose of, manage, and exploit recorded assets and owned items in general.
- To trade in currencies, securities, and owned items in general.
- To develop and commercialize patents, trademarks, licenses, know-how, and other industrial property rights.
- To carry out any financial activities related to the activities described above, for which the Company is duly authorized and empowered.

The activities comprising the corporate purpose may be carried out by the Company in whole or in part indirectly, through the acquisition or holding of shares, securities, or shareholdings in companies with the same or similar purpose, including the incorporation, participation and administration of capital companies, temporary groupings or other legal entities, or by means of any other formula permitted by Law.

The Company forms part of the CEPSA Group, the parent company of which is Compañía Española de Petróleos, S.A. (CEPSA), with registered office at 28046-Madrid, Torre Cepsa, Paseo de la Castellana, no. 259-A, this latter being the company that prepares consolidated financial statements. The consolidated financial statements of the CEPSA Group for financial year 2018 were prepared by the Directors of CEPSA during the meeting of its Board of Directors held on February 28, 2019. The consolidated financial statements for financial year 2018 were approved by its Sole Shareholder by decision dated March 4, 2019 and were filed at the Madrid Companies Registry.

2. Basis of Presentation of the Financial Statements

2.1 Regulatory framework for financial reporting applicable to the Company

These financial statements have been prepared by the Joint and Several Directors, pursuant to the regulatory framework for financial reporting applicable to the Company, as established by:

a) the Spanish Corporate Enterprises Act, the Spanish Commercial Code, and other commercial legislation in force.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007, modified by Royal Decree 1159/2010 and Royal Decree 602/2016 and its sector-specific adaptations.

c) The enforceable rules adopted by the Accounting and Auditing Institute implementing the Spanish National Chart of Accounts and its complementary rules.

d) All other applicable Spanish accounting legislation.

2.2 True and Fair View

The accompanying Financial Statements have been obtained from the Company's accounting records and are presented in accordance with the applicable regulatory financial reporting framework and, in particular, the accounting principles and criteria set forth herein, providing a true and fair view of the Company's assets, financial position, and the results of its operations and cash flows during the related financial year. These financial statements are presented in euros, unless otherwise stated.

These financial statements, which have been prepared by the Company's Joint and Several Directors, shall be subject to the approval of the Sole Shareholder, expecting that they shall be approved without modification.

2.3 Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. Additionally, the Joint and Several Directors prepared these financial statements by taking into account all mandatory accounting principles and standards that have a significant impact on said Financial Statements. All mandatory accounting principles have been applied.

2.4 Critical aspects of the assessment and estimation of uncertainty

In preparing the accompanying Financial Statements, estimates were made by the Company's Joint and Several Directors in order to value certain assets, liabilities, income, expenses, and commitments reported herein. Basically, these estimates concern:

- The valuation of possible losses due to impairment of certain assets (please see Note 4.1)
- The calculation of Corporate Income Tax (please see Note 4.2)

Although these estimates were made on the basis of the best information available at 2019 year-end, events that take place in the future might make it necessary to change these estimates (upward or downward) in coming years. Changes in accounting estimates would be applied prospectively.

Going concern principle

As at December 31, 2019, the Company presents a negative working capital of €200,723 (positive by €99,352 as at December 31, 2018).

Thus, based on these events and those described in Note 14 to the 2019 Financial Statements, on Subsequent Events, relating to the crisis due to the state of emergency declared due to Covid-19 and the possible impacts it may have on the Company's operations and, therefore, on its future profits and losses and cash flows, which cannot be feasibly estimated at present, the Company's Sole Shareholder of Compañía Española de Petróleos, S.A. expressly stated that it will provide the necessary financial support to enable the commitments and payment obligations undertaken by the Company to be met and to ensure the continuity of its operations. Consequently, the Company's Joint and Several Directors have prepared the Financial Statements while taking the going concern principle into account.

2.5 Comparative information

In accordance with commercial law, for comparative purposes, with each of the balance sheet items, the profit and loss account, the statement of changes in equity, and the statement of cash flows, in addition to the figures for financial year 2019, those corresponding to the previous year are also presented. The report also includes quantitative information on the previous year, except where an accounting rule specifically states that it is not necessary.

The application of accounting criteria in financial years 2019 and 2018 has been uniform, therefore, there are no operations or transactions that have been recorded following different accounting principles that could result in discrepancies in the interpretation of the comparative figures for both periods.

2.6 Grouping of items

Certain items in the Balance Sheet and in the Profit and Loss Account are grouped together for ease of understanding. However, insofar as they are significant, the breakdown of information has been included in the corresponding Notes to the Financial Statements.

2.7 Changes in accounting criteria

During financial year 2019, there were no changes in accounting criteria with respect to the criteria applied in financial year 2018.

2.8 Correction of errors

No significant error has been detected in the preparation of the attached Financial Statements that has required a restatement of the amounts set forth in the Financial Statements for financial year 2018.

3. Appropriation of Profits

The proposed appropriation of profits for the year ended December 31, 2019 formulated by the Company's Board of Directors, that will be submitted to the Sole Shareholder for approval, is as follows:

Basis of Distribution	Euros
Profits and Losses	**3,940**

Appropriation	Euros
To the legal reserve	**3,292**
To offset previous year losses	**648**
Total Appropriated	3,940

4. Rules for Recognition and Valuation

The main recognition and valuation rules used by the Company in preparing its Financial Statements for financial year 2019, in accordance with those set out by the General Accounting Plan, were as follows:

4.1 Financial instruments

4.1.1 Financial Assets

Classification

The financial assets held by the Company can be classified in the following category:

- Loans and receivables: financial assets originating from the provision of services for the Company's traffic operations, or those that, not having a commercial nature, are not equity instruments or derivatives, and the collections of which are of a fixed or determinable amount and are not traded on an active market. At the close of financial year 2019, the balance of receivables was zero. In 2018, it included €180.36 (please see Note 6.1), with no provision for insolvencies on said balance, nor loans to group companies or associates (please see Note 6.2).

Initial valuation

Financial assets are initially recognized at the fair value of the consideration paid, plus directly attributable transaction costs.

Subsequent valuation

Loans, receivables, and investments held to maturity are valued at their amortized cost, net of any loss in value experienced.

As regards the valuation adjustments relating to trade debtors and other accounts receivables, CEPSA FINANCE, S.A.U. recognizes a write-down thereof when the receivable is over six months past-due, when the company's legal advisory department takes legal action in order to obtain collection settlement or when the customer is in a legal situation of bankruptcy.

CEPSA FINANCE, S.A.U. derecognizes financial assets when the rights to the cash flows of the corresponding financial asset have expired or have been assigned and the risks and benefits pertaining to their ownership have been substantially transferred, such as in the outright sale of assets.

In contrast, CEPSA FINANCE, S.A.U. does not derecognize financial assets, and recognizes a financial liability for an amount equal to the consideration received, in assignments of financial assets in which the risks and benefits pertaining to their ownership are substantially retained.

4.1.2 Financial liabilities

Financial liabilities are debits and payables held by CEPSA FINANCE, S.A.U. and that, not having a commercial origin, cannot be considered as derivate financial instruments.

Accounts payable are initially recognized at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently valued at amortized cost.

CEPSA FINANCE, S.A.U. derecognizes financial liabilities when the obligation underlying the liability ceases to exist.

4.2 Income tax

The income or expense tax comprises current income or expense tax and deferred income or expense tax.

Current taxation is the amount that the Company pays as a result of settlements of tax on income relating to a financial year. Deductions and other tax advantages, excluding retentions and advance payments, as well as tax loss carryforwards effectively applied in the current year, give rise to a reduced amount of current taxation.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences identified as amounts expected to be payable or recoverable deriving from differences between carrying amounts of assets and liabilities and their tax value, tax-loss carryforwards not yet offset and tax deductions not yet applied. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences except those deriving from the initial recognition of goodwill or other assets and liabilities in a transaction that does not affect either the tax result or the accounting result and is not a business combination.

Deferred tax assets are recognized only to the extent that it is considered probable that the Company will have sufficient future taxable profits against which to offset them.

Deferred tax assets and liabilities originating from transactions charged or credited directly to equity are accounted for with the balancing entries also being in equity.

At each accounting close the deferred tax assets recognized are reviewed and appropriate adjustments are made where there are doubts as to their future recoverability. At the close of each accounting period any deferred tax assets not recognized in the balance sheet are evaluated and recognized to the extent that their recovery from future taxable profits becomes probable.

4.3 Revenue and expenses

Income and expenses are recognized in accordance with the accrual principle, i.e. when the real flow of goods and services that they represent occurs, irrespective of when the associated monetary or financial flow occurs. This income is recorded at the fair value of the consideration received, after deducting discounts, returns and taxes.

Revenues from services provided are recognized considering the degree of completion of the service at the balance sheet date, provided that the transaction results may be reliably estimated.

Interest received on financial assets is recognized using the effective interest rate method, and dividends are recognized when the shareholder's right to receive them is declared. In any case, interest and dividends from financial assets accrued after the acquisition date are recognized as income in the Profit and Loss Account.

Specifically, Net Revenues may include dividends from subsidiaries as well as the profits from the disposal of investments, given that the Company is a holding company, the purpose of which is to hold shares in the capital of group companies, as well as activities to finance the activity of its investees, in accordance with the provisions of the *Instituto de Contabilidad y Auditoría de Cuentas* - I.C.A.C. (Institute of Accounting and Accounts Auditing).

4.4 Related party transactions

CEPSA FINANCE, S.A.U. conducts all its related-party transactions at market prices. In addition, transfer prices are also appropriately documented, so the Company's Joint and Several Directors consider that there are no significant risks in this respect from which material liabilities might arise in the future.

4.5 Current and non-current items

Current assets are:

- those linked to the normal operating cycle, which is generally considered to be one year,
- those other assets whose maturity, disposition or realization is expected to occur in the short term from the closing date of the financial year,
- financial assets held to negotiate, with the exception of financial derivatives whose settlement period is greater than a year, and
- cash and cash equivalents.

Assets not meeting these criteria are classified as non-current.

The following are also current liabilities:

- those linked to the normal operating cycle,
- financial assets held for trading, with the exception of financial derivatives whose settlement period is after one year, and
- in general, all obligations whose maturity or extinction will occur in the short term.

All other liabilities are classified as non-current.

4.6 Statement of cash flows

The Company presents information regarding the cash flows from operations following the so-called "indirect method," according to which it begins by presenting the "Profit before tax" in the income statement for the period. This figure is then corrected by the effects of the accruals made in the period, as well as profit and loss items associated with the cash flows from operations classified as investment or financing.

5. Financial assets (long- and short-term)

5.1 Long-term financial assets

The book value of each of the categories of short-term financial assets at year-end 2019 is as follows:

Euros

	Receivables and other financial assets		Total	
	2019	2018	2019	2018
Investments in Group companies and associates	497,442,500	-	497,442,500	-
Total	*497,442,500*	-	*497,442,500*	-

The 2018 balances were not audited.

The heading "Long-term investments in group companies and associates" corresponds to a credit agreement with the parent company (CEPSA) maturing in 2025. (Please see note 10.1)

5.2 Short-term financial investments

The book value of each of the categories of short-term financial assets at year-end 2019 is as follows:

Euros

	Receivables and other financial assets		Total	
	2019	2018	2019	2018
Investments in Group companies and associates	4,003,230	396	4,003,230	396
Total	*4,003,230*	*396*	*4,003,230*	*396*

The 2018 balances were not audited.

All "Short-term investments in group companies and associates" at the close of 2019 correspond to the financial income accrued and not settled from the credit agreement with the parent company (CEPSA). (Please see note 10.1)

There have been no impairment losses recorded under the heading "*Short-term investments in group companies and associates*" during financial years 2019 and 2018.

6. Equity and Shareholders' Equity

6.1 Share capital and share premium

At the close of financial years 2019 and 2018, the Company's share capital amounted to €100,000.00, represented by 100,000 ordinary nominative shares of a single class and series, represented by means of securities with a nominal value of €1 each, numbered sequentially from 1 to 100,000, both inclusive, being fully subscribed and paid up.

These shares are owned by Compañía Española de Petróleos, S.A.

The Company's shares are not listed on the stock exchange.

6.2 Legal Reserve

Under the Spanish Corporate Enterprises Act, 10% of net profit for each year must be transferred to legal reserves until the balance reaches at least 20% of the share capital. Such reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for that purpose.

7. Financial investments (Long- and short-term)

7.1 Long-term financial liabilities

The book value of each of the categories of long-term financial liabilities at the end of financial year 2019 is as follows:

Euros

	Debentures and other negotiable securities		derivatives and others		Total	
	2019	2018	2019	2018	2019	2018
Debts and payables	496,713,590	-	424,895	-	497,138,485	-
Total	*496,713,590*	*-*	*424,895*	*-*	*497,138,485*	*-*

The 2018 balances were not audited.

The main item included in Long-Term Financial Liabilities is the bond issued by the Company in May 2019 for the amount of €500 million, the annual coupon of which is 1%. This bond matures in February 2025.

Another item included in Long-Term Financial Liabilities, in the amount of €424,895 includes the interest received in advance corresponding to the contract signed with the Sole Shareholder, maturing in February 2025 (please see Note 12.5).

7.2 Short-term financial liabilities

The book value of each of the categories of long-term financial liabilities at the end of financial year 2019 is as follows:

Euros

	Debentures and other negotiable securities		payables to group companies		Total	
	2019	2018	2019	2018	2019	2018
Short-term payables	3,136,986	-	1,066,967.00	-	4,203,953	-
Total	*3,136,986*	*-*	*1,066,967.00*	*-*	*4,203,953*	*-*

The book value of the heading "Short-Term Payables," classified by category, corresponds to "Debentures and Other Negotiable Securities" in the amount of €3,136,968.27.

The company issued a bond in May 2019, the coupon of which is paid annually. The issuance, rated as investment grade by the three major international rating agencies - Moody's, S&P and Fitch - will yield an annual coupon of 1.00%.

7.3 Average supplier payment terms

In accordance with the requirement established in the third additional provision of Law 15/2010, dated July 5, modified, in turn, by Law 31/2014, dated December 3, and by ICAC Resolution dated January 29, 2016, on information concerning average payment periods to suppliers in commercial transactions to be included in the Notes to the Financial Statements, the breakdown of payments made and pending, as well as the related ratios, is as follows:

	2019	Days 2018
Average supplier payment term	56	-
Paid operations ratio	56	-
Operations pending payment ratio	-	-

	2019	Euros 2018
Total payments made	1,644,954	-
Total payments pending	-	1,044

The 2018 balances were not audited.

8. Public Administrations and Tax Situation

CEPSA FINANCE, S.A.U. is taxed for corporation tax under the consolidated tax return scheme, along with other companies, forming part of Group 4/89 of which the parent company is the head of the group.

8.1 Current Balances with Public Administrations

At the close of the financial year, the Company had no current balance with the Public Administrations.

8.2 Reconciliation of accounting result with the tax base

The reconciliation between income and expenses for the year and the taxable income for Corporation Tax is as follows:

Financial Year 2019	Euros Total
Accounting result before tax	3,940
Corporation tax	1,314
Taxable base	*5,254*

Financial year 2018	Euros Total
Accounting result before tax	(648)
Corporation tax	(216)
Taxable base	*(864)*

The 2018 balances were not audited.

8.3 Reconciliation of the accounting result with the corporation tax expense

The reconciliation between the profit/(loss) for the year and income tax expense (on profit) during 2019 and 2018 is as follows:

	Euros 2019	*Euros* 2018
Accounting result before tax	5,254	*(864)*
Quota at 25%	1,314	(216)
Total income from tax recognized in the profit and loss account	*1,314*	*(216)*

The 2018 balances were not audited.

Given that the company is taxed within tax group 4/89, the outstanding payment with the parent company has been recorded.

8.4 Years pending checks and inspections

As established by currently applicable legislation, taxes cannot be considered definitively settled until the declarations filed have been inspected by the tax authorities or until the four-year limitation period has passed.

The company is taxed for Corporation Tax under the consolidated tax return scheme within the CEPSA group. At the close of 2019, the company had financial year 2018 open to inspection with regard to Corporation Tax and all other applicable taxes.

The Company's Joint and Several Directors consider that the settlements of the Corporation Tax and other applicable taxes have been properly performed, therefore, even if discrepancies arise in the current regulatory interpretation of the tax treatment granted to transactions, any resulting liabilities, if realized, would not significantly affect the accompanying Financial Statements.

8.5 Transfer pricing

In the opinion of the Company's Joint and Several Directors and its tax advisors, related-party transactions are carried out at arm's length, transfer prices are adequately supported and it is estimated that there is no significant risk of material liabilities arising in the future in this respect for the Company.

9. Revenue and expenses

9.1 Net income

The breakdown of Revenue for financial years 2019 and 2018 by geographical area and line of business is as follows:

Activities	**2019**	Euros **2018**
Holding company financial income	4,053,335	-
Total	*4,053,335*	-

Geographical markets	**2019**	Euros **2018**
Spain	4,053,335	-
Total	*4,053,335*	-

The 2018 balances were not audited.

9.2 Other operating expenses

The breakdown of the balances of the item “Other operating costs" in the Profit and Loss Account for financial years 2019 and 2018 is as follows:

		Euros
	2019	**2018**
External Services	527,911	864
Total	*527,911*	*864*

9.3 Financial income and expenses

The amount of financial income and expenses calculated by applying the effective interest rate method is as follows:

	2019	**2018**
Euros	**Financial Expenses**	**Financial Expenses**
Application of the effective interest rate method	(3,520,170)	-

The 2018 balances were not audited.

10. Related party transactions and balances

10.1 Group companies, associates and related party transactions

The Company performs its transactions with related parties on an arm's length basis.

As regards loans to group companies, the average annual interest rate applied to loans granted to subsidiaries in financial years 2019 and 2018 was similar to the average cost of external financing for the same type of transaction.

The details of transactions carried out with related parties during financial year 2019 is as follows, (2018 is not included as the amounts are zero):

		Euros
2019	**Parent Company**	**Total**
Net income	4,053,335	**4,053,335**
Financial expenses	(6,244)	**(6,244)**
Total	4,047,091	**4,047,091**

10.2 Related-party balances

The related-party balance amount in the balance sheet during financial years 2019 and 2018 is as follows:

		Euros
2019	**Parent Company**	**Total**
Long-term investments	**497,442,500**	**497,442,500**
Loans to companies	497,442,500	497,442,500
Short-term investments	**4,003,230**	**4,003,230**
Loans to companies	4,003,230	4,003,230
Short-term payables	**(1,066,967)**	**(1,066,967)**
Total	500,378,763	500,378,763

		Euros
2018	**Parent Company**	**Total**
Short-term investments	**216**	**216**
Loans to companies	216	216
Total	216	216

The 2018 balances were not audited.

The heading "Loans to companies," which includes long-term investments in group companies and associates, shown in the accompanying Balance Sheet, includes credit account agreements with the Parent Company.

The heading "Short-term payables," which includes short-term payables to group companies and associates, shown in the accompanying Balance Sheet, corresponds to the credit account agreement with the Sole Shareholder (please see Note 12.5) and the corporation tax fee pending payment, recorded with the parent company (please see Note 8.3).

10.3 Directors' Remuneration

The Joint and Several Directors of CEPSA FINANCE, S.A.U. did not receive any remuneration of any kind during financial years 2019 and 2018, nor do they have any type of receivable or payable with the Company for any other reason.

10.4 Information on situations of conflict of interest affecting the Directors

Neither at year-end 2019, nor at the date of preparation of these Financial Statements, did any of the Company's Joint and Several Directors give notice of any direct or indirect conflict of interest that they or persons related to them may have with the interest of the Company in accordance with the provisions of the Corporate Enterprises Act.

10.5 Contracts with the Single Shareholder

The Company has several contracts with its Sole Shareholder, Compañía Española de Petróleos, S.A., which are summarized as follows:

- A Credit Policy, with a ceiling of €1,000,000, available as at December 31, 2019 for the entire amount. This policy is used to fund the Company's working capital, and it may have either a debit or credit balance. This policy matures on November 1, 2020, with an agreed interest rate of 1%.
- A Credit Policy, with a ceiling of €497,442,500, available as at December 31, 2019 for the entire amount. This policy is used to manage the Company's financing, and only credit balance for the Company may result therefrom. This policy matures on February 17, 2025, with an agreed interest rate of 1.2827%.

11. Environmental information

Given the activities in which the Company is engaged, the Company has no environmental responsibilities, expenses, assets, provisions or contingencies that could be significant in relation to equity, financial situation or profit/(loss). Therefore, a specific breakdown is not included with this report.

12. Other disclosures

12.1 Personnel

CEPSA FINANCE, S.A.U. had no employees during financial years 2019 and 2018.

12.2 Audit Fees

During financial year 2019, the amount of agreed fees relating to the auditing of accounts provided for by the company's auditing firm, ERNST&YOUNG S.L., amounted to €6,000. €70,641 were also recorded by way of services provided in the bond issue in February 2019.

13. Risk management associated with the Company's activity

13.1 Main risks associated with the Company's activity

The company's activities are carried out in environments characterized by a number of external factors, changes in which could affect the manner in which operations are performed and the results obtained therefrom.

Specifically, the Company is exposed to the following risks resulting from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note sets out information on the exposure to each of these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital. Additional quantitative disclosures are included below.

13.2 Risk management model

The Directors, through the Audit Committee, the Risks Committee and other specific committees, and the General Managers of the respective Divisions, oversee and monitor risks on a regular basis, adapting the risk profile to circumstances, where appropriate.

i. Credit risk

Credit risk is defined as the possibility of a third party not complying with its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk in its financing activities.

The book value of financial assets included in the Balance Sheet as at December 31, 2019 represents the maximum credit risk exposure.

In order to mitigate credit risk resulting from financial debt and cash positions, the Company only works with reputable and highly solvent Spanish and international financial institutions.

ii. Liquidity risk

Liquidity risk refers to the Company's ability to obtain financing at reasonable market prices, as well as cover the funding needs required to carry on its business.

The Company continuously monitors its financial position, developing short-term cash forecasts, as well as conducting long-term financial planning set out in both the budget and the strategic plan.

The Company regularly assesses the concentration of risk with respect to refinancing its debt and has concluded that it is low.

iii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk due to interest rates, which affect the financial results.

Exposure to interest rate risk relates primarily to borrowings at floating rates.

In order to manage and mitigate this risk, the Company obtained its financing by issuing fixed-rate bonds.

14. Subsequent events

In February 2020, the Company issued bonds for €500 million, maturing in 2028. The issuance, rated as investment grade by the three major international rating agencies - Moody's, S&P and Fitch - will yield an annual coupon of 0.75%.

On March 11, 2020, the World Health Organization announced the public health emergency due to the outbreak of the coronavirus (COVID-19) as an international pandemic. The rapid development of events, both nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and business development. To deal with this situation, among other measures, the Spanish Government proceeded to declare a state of emergency, through the publication of Royal Decree 463/2020, dated March 14, and to approve a series of extraordinary urgent measures to deal with the economic and social impact of COVID-19, by means of Royal Decree-Law 8/2020, dated March 17.

The Company believes that these events do not involve an adjustment to the financial statements corresponding to the financial year ending December 31, 2019, although they could impact operations and, therefore, its future profits/(losses) and cash flows.

Given the complexity of the situation and its rapid development, it is not currently feasible to make a reliable estimate that quantifies the potential impact on the Company, which, where appropriate, will be prospectively recorded in the financial statements for financial year 2020.

The Company is taking the necessary steps in order to deal with the situation and minimize its impact, considering that it is a crisis that, according to the most current estimates and the treasury position to date, does not compromise the application of the going concern principle (Note 2.4).

As at the date of preparation of these Financial Statements, there have been no further significant subsequent events to be mentioned in this section.

Management Report for the financial year ending December 31, 2019 of Cepsa Finance, S.A.U.

Comments relating to the external framework in which the different businesses have developed, as well as those relating to the activities of Cepsa Finance, S.A.U. in its various areas of action and risks associated with the business, are described in the Cepsa Group Management Report.

Likewise, the aspects mentioned in said Report as regards the significant events that occurred after the close of the financial year and the foreseeable evolution of the consolidated Group are fully applicable to Cepsa Finance, S.A.U.

Company situation and business development

The company Cepsa Finance, S.A.U. (hereinafter, the Company) was incorporated, for an indefinite period of time, in Madrid on September 27, 2018, before the Notary Public of Madrid, Mr. Carlos Solis Villa, by deed of incorporation no. 1,709 of his record and recorded in the Madrid Mercantile Registry under volume 38,084, in section 8 of the Corporate Ledger, on page 141, sheet number M-677920, entry 1, with Tax Identification Number A-88202015. The Company was incorporated by means of a cash contribution.

The Company's corporate purpose is to carry out the following activities:

- To incorporate or participate in, in any way, the administration and/or oversight of businesses and companies, including the businesses and companies with which it forms a business group.

- To finance companies and/or projects or business of companies, including companies with which it forms a business group.

- To borrow and/or lend amounts in cash, and to obtain funds through the issuance of any financial instruments, including debt issues of any kind, for placement in both national and international markets.

- To advise and provide professional advisory services to businesses and companies with which the Company forms a group and to third parties.

- To grant guarantees, bind, and represent the Company, and pledge or mortgage its assets to guarantee obligations of the Company and obligations of third parties, including the companies with which it forms a group of companies.

- To acquire, dispose of, manage, and exploit recorded assets and owned items in general.

- To trade in currencies, securities, and owned items in general.

- To develop and commercialize patents, trademarks, licenses, know-how, and other industrial property rights.

- To carry out any financial activities related to the activities described above, for which the Company is duly authorized and empowered.

The activities comprising the corporate purpose may be carried out by the Company in whole or in part indirectly, through the acquisition or holding of shares, securities, or shareholdings in companies with the same or similar purpose, including the incorporation, participation and administration of capital companies, temporary groupings or other legal entities, or by means of any other formula permitted by Law.

Profit/(Loss)

The net amount of the turnover as at December 31, 2019 amounted to €4,053,335.

Profit before tax for 2019 amounted to €5,254. After discounting the corporate tax expense, profit after tax amounted to €3,940.

Financial and equity position

Cepsa Finance, S.A.U.'s total assets, as at December 31, 2019, amounted to €501,445,730, of which €497,442,500 were equivalent to the net value of non-current assets. Equity amounted to €103,292, 0.02% of total assets.

As at December 31, 2019, the Company presents a negative working capital of €200,723 (positive by €99,352 as at December 31, 2018).

However, the Company's Sole Shareholder, Compañía Española de Petróleos, S.A., expressly stated that it will provide the necessary financial support to enable compliance with the commitments and payment obligations undertaken by the Company and to ensure the continuity of its operations. As a result, the Company's Directors have prepared the financial statements in accordance with the going concern principle.

Capital structure and shareholdings

At the close of financial years 2019 and 2018, the Company's share capital amounted to €100,000.00, represented by 100,000 ordinary nominative shares of a single class and series, represented by means of securities with a nominal value of €1 each, numbered sequentially from 1 to 100,000, both inclusive, being fully subscribed and paid up.

These shares are owned by Compañía Española de Petróleos, S.A.

The Company's shares are not listed on the stock exchange.

Treasury shares

The Company did not hold any treasury shares as at December 31, 2019, nor had it carried out any transactions with treasury shares during said financial year.

Research and development

The company did not carry out research and development activities during the financial year.

Average supplier payment term

The average payment period to suppliers during the year was 56.4 days, below the legal limit of 60 days established by Law 15/2010 dated July 5, in which measures to counter late payments in sales transactions are established. (Note 7.3 of the Financial Statements).

Events after the reporting period

In February 2020, the Company issued bonds for €500 million, maturing in 2028. The issuance, rated as investment grade by the three major international rating agencies - Moody's, S&P and Fitch - will yield an annual coupon of 0.75%.

On March 11, 2020, the World Health Organization announced the public health emergency due to the outbreak of the coronavirus (COVID-19) as an international pandemic. The rapid development of events, both nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and business development. To deal with this situation, among other measures, the Spanish Government proceeded to declare a state of emergency, through the publication of Royal Decree 463/2020, dated March 14, and to approve a series of extraordinary urgent measures to deal with the economic and social impact of COVID-19, by means of Royal Decree-Law 8/2020, dated March 17.

The Company believes that these events do not involve an adjustment to the financial statements corresponding to the financial year ending December 31, 2019, although they could impact operations and, therefore, its future profits/(losses) and cash flows.

Given the complexity of the situation and its rapid development, it is not currently feasible to make a reliable estimate that quantifies the potential impact on the Company, which, where appropriate, will be prospectively recorded in the financial statements for financial year 2020.

The Company is taking the necessary steps in order to deal with the situation and minimize its impact, considering that it is a crisis that, according to the most current estimates and the treasury position to date, does not compromise the application of the going concern principle (Note 2.4).

As at the date of preparing this Management Report, there have been no other significant subsequent events to be mentioned in this section.

[Logo: CEPSA]

Approval of the Financial Statements and Management Report for 2019 of CEPSA FINANCE, S.A.U.

The Financial Statements - Balance Sheet, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement and Report - and the Management Report of **CEPSA FINANCE, S.A.U.** for financial year 2019 contained in this document have today been drafted by the Joint and Several Directors of the Company and are signed hereunder by way of agreement by all Directors, in accordance with Article 253 of the Consolidated Text of the Corporate Enterprises Act.

To the best of our knowledge, the financial statements prepared in accordance with generally accepted accounting principles give a true and fair view of the equity, financial position and results of the Company, and the Management Report contains a true and fair analysis of the Company's performance, results and position, together with a description of the main risks and uncertainties they face.

Madrid, March 30, 2020

[Signature]	[Signature]
Mr. Carlos Luis Villanueva Girón Joint and Several Director	Mr. Gonzalo Sáenz Muñoz Joint and Several Director

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Doña Verónica Castañón Nieto, Traductora-Intérprete Jurada de Inglés nombrada por el Ministerio de Asuntos Exteriores y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en castellano.
En Madrid, a 24 de abril de 2020
Firma,

[Se adjunta a esta traducción la copia fechada, sellada y firmada del documento original, que se extiende en 26 páginas]

Ms. Veronica Castañon Nieto, Sworn Translator and Interpreter of English, appointed by the Spanish Ministry of Foreign Affairs and Cooperation, hereby certifies that the preceding is a true and complete translation into English of a document written in Spanish.
In Madrid, on April 24, 2020

[A dated, stamped and signed copy of the original, drafted in 26 pages, is attached to this translation]